

UNITED STATES DISTRICT COURT
DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA.)	
)	
Plaintiff,)	Civil Action No.
)	
v.)	Filed:
)	
SABRELINER CORPORATION,)	
)	
Defendant.)	
)	

COMPLAINT

The United States of America, acting under the direction of the Assistant Attorney General of the United States, brings this civil action to obtain equitable and other relief against the named defendant and complains and alleges as follows:

1. The United States brings this suit to prevent an illegal monopoly obtained by Sabreliner through its acquisition of the stock and assets of Midcoast Aviation. Until this acquisition, Sabreliner and Midcoast were each other's only competitor at Lambert Field International Airport in St. Louis, Missouri in the provision of certain airport terminal services called fixed base operator or "FBO" services. These services primarily involve the sale of jet fuel for "general aviation customers" (e.g., charter operators and other private operators of aircraft, as distinguished from commercial flights).

2. Unless Sabreliner is required to divest FBO facilities at Lambert Field Airport, competition is likely to be substantially lessened and, as a result, general aviation

customers will likely pay higher prices for jet fuel and other services at Lambert Field.

I.

JURISDICTION, VENUE AND DEFENDANT

3. This action is filed under Section 15 of the Clayton Act, 15 U.S.C. §25, to prevent and restrain the violation by the defendant, as hereinafter alleged, of Section 7 of the Clayton Act, 15 U.S.C. §18. This court has jurisdiction over this matter pursuant to 28 U.S.C. §§1331 and 1337.

4. Sabreliner Corporation ("Sabreliner") is a Delaware corporation with its principal offices in St. Louis, Missouri. For purposes of this action, the parties have stipulated that Sabreliner is found within the District of Columbia. Sabreliner provides general repair, maintenance, and engine overhaul services for a variety of government and business jet aircraft from four facilities in the Midwestern United States, and also operates a fixed base operator service, at Lambert-St. Louis International Airport ("Lambert Field"). On November 2, 1994, Sabreliner acquired Midcoast Aviation, Inc. ("Midcoast"), formerly a subsidiary of Trans World Airlines, Inc., a Delaware corporation. Midcoast had operated three FBOs, including one at Lambert Field.

5. The defendant is engaged in interstate commerce and in activities substantially affecting interstate commerce. Sabreliner provides aviation repair and overhaul services to customers located throughout the United States.

II.

TRADE AND COMMERCE

6. General aviation aircraft operators provide charter, executive transport and other private transportation services. When operating away from their home base (termed "transient"), general aviation aircraft operators need certain terminal services--fueling, repair and maintenance, airplane cleaning, de-icing, ground transportation, and lounge and office facilities for flight crew and passengers. Last year, general aviation customers purchased about \$1 billion of jet fuel from FBOs nationwide.

7. Because it is not practical or possible for these aircraft to own or lease facilities at every airport they use, they obtain these services from fixed base operators, and there are no available substitutes for FBO services at a particular field.

8. Typically, the destination of the passenger will determine the airport at which the aircraft will land. Once the destination airport is known, the pilot will generally select an FBO to patronize, based on the mix of fuel prices and services offered by competing FBOs.

9. Lambert Field has the highest volume of air traffic in the St. Louis area, primarily because it is the only airport in the area that provides commercial scheduled domestic and international air transportation, both passenger and cargo, as well as serving general aviation. Lambert is also convenient to

the city of St. Louis. These factors make Lambert congested and subject to delays, especially for general aviation customers.

10. Other airports in the St. Louis metropolitan area cater to general aviation traffic. While these airports are less congested than Lambert, general aviation pilots selecting Lambert as their destination airport due to the requirements of their passengers are not likely to change their flight plan even if fuel prices at Lambert increase. Because it is costly and inconvenient to land first at Lambert and then go to a nearby airport in the area for FBO services, FBO services of other airports are not substitutes for services provided at Lambert.

11. The sale of jet fuel by FBOs to transient general aviation aircraft constitutes a line of commerce and a relevant product market, and Lambert is a relevant geographic market within the meaning of Section 7 of the Clayton Act. Hereinafter, the relevant market is referred to as "the Lambert transient general aviation jet fuel market."

12. At Lambert Field, Sabreliner and Midcoast have been head-to-head competitors, and customers have benefited from lower prices and improved services due to that competition.

13. Sabreliner and Midcoast were the only two competitors in the Lambert transient general aviation jet fuel market, which in 1993 had revenues of about \$2.7 million. Based on jet fuel sales revenue, Sabreliner had 15% of that market and Midcoast had 85%. As a result of the acquisition, Sabreliner has a monopoly

in the sale of jet fuel, and customers will likely be required to pay higher fuel prices and receive diminished service.

14. Lambert Field has decided to focus on commercial not general aviation business. Thus, it is unlikely that facilities will be available for general aviation customers. For this reason, successful new entry into the Lambert transient general aviation jet fuel market is unlikely, even if the price of jet fuel were to increase significantly.

IV.

VIOLATION ALLEGED

15. On November 2, 1994, Sabreliner acquired all of Midcoast's stock in exchange for \$7.2 million.

16. The transaction is likely substantially to lessen competition in the aforesaid trade and commerce in violation of Section 7 of the Clayton Act, by eliminating actual and potential competition between Sabreliner and Midcoast in the Lambert transient general aviation jet fuel market.

V.

REQUEST FOR RELIEF

Plaintiff requests:

1. That the transaction by Sabreliner and Midcoast be adjudged to be in violation of Section 7 of the Clayton Act;

2. That Sabreliner be ordered to divest Midcoast's stock and be permanently enjoined from reacquiring it.

3. That plaintiff have such other and further relief as the Court may deem just and proper; and

4. That plaintiff recover the costs of this action.

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